Annual Report

for the fiscal year ended March 31, 1989

Alberta
TREASURY

90-03602/

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

The Speaker of the Assembly

Sir:

Pursuant to section 52 of the Legislative Assembly Act, being Chapter L-10.1 of the 1983 Statutes of Alberta, I have the honour to lay before the Assembly the annual report of the Treasury department for the fiscal year ended March 31, 1989.

Respectfully submitted,

Dick Johnston

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I. TREASURY – THE YEAR IN REVIEW

Deputy Provincial Treasurers' Report
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DEPUTY PROVINCIAL TREASURERS' REPORT

It is a pleasure to report on the activities of our Department for the fiscal year ending March 31, 1989.

Efforts continued throughout the year to improve methodologies and systems to create greater operational efficiencies in all areas of the Department. With continued reductions in staff, more emphasis has been placed on contracted services with the private sector. Examples of this privatization include use of collection agencies for certain accounts receivable, contracting of on-site microfilming services, use of accounting firms for audit services, and engaging trust companies to serve as registrars for some debt issues.

As part of the Government's financing program, a number of debt issues were launched on the Canadian and international markets. These included three issues offered on the Euromarket, the highly successful Alberta Capital Bond issue offered to Alberta residents, and a domestic debenture issue.

Significant progress was made in the development of new legislation and regulations for monitoring and governing the activities of financial institutions operating in the Province. The new Credit Union Act was finalized for tabling in the Spring Session of the Legislature, and work began on new legislation governing loan and trust companies in Alberta.

The Department also spearheaded the development of an information sharing agreement among western provinces, and subsequently all provinces, on the regulation of financial institutions.

A government-wide manpower utilization and monitoring system was developed in consultation with program departments to assist with staffing management and financial control, and for use as an integral part of the budget planning process.

Administering program departments were assisted in the development and implementation of the Mortgage and Small Business Interest Shielding programs, the Family First Home Program and the Capital Loan Guarantee Program. In addition, the Department led the liaison with the financial institutions which are participating in these programs.

Extensive analyses were undertaken on the impact of the proposed federal value-added tax, with particular emphasis on the effect such a tax would have on the provincial economy.

During the year, the remaining government departments were converted to the new payment, financial reporting and accounting system. This completes a major conversion which spanned four years.

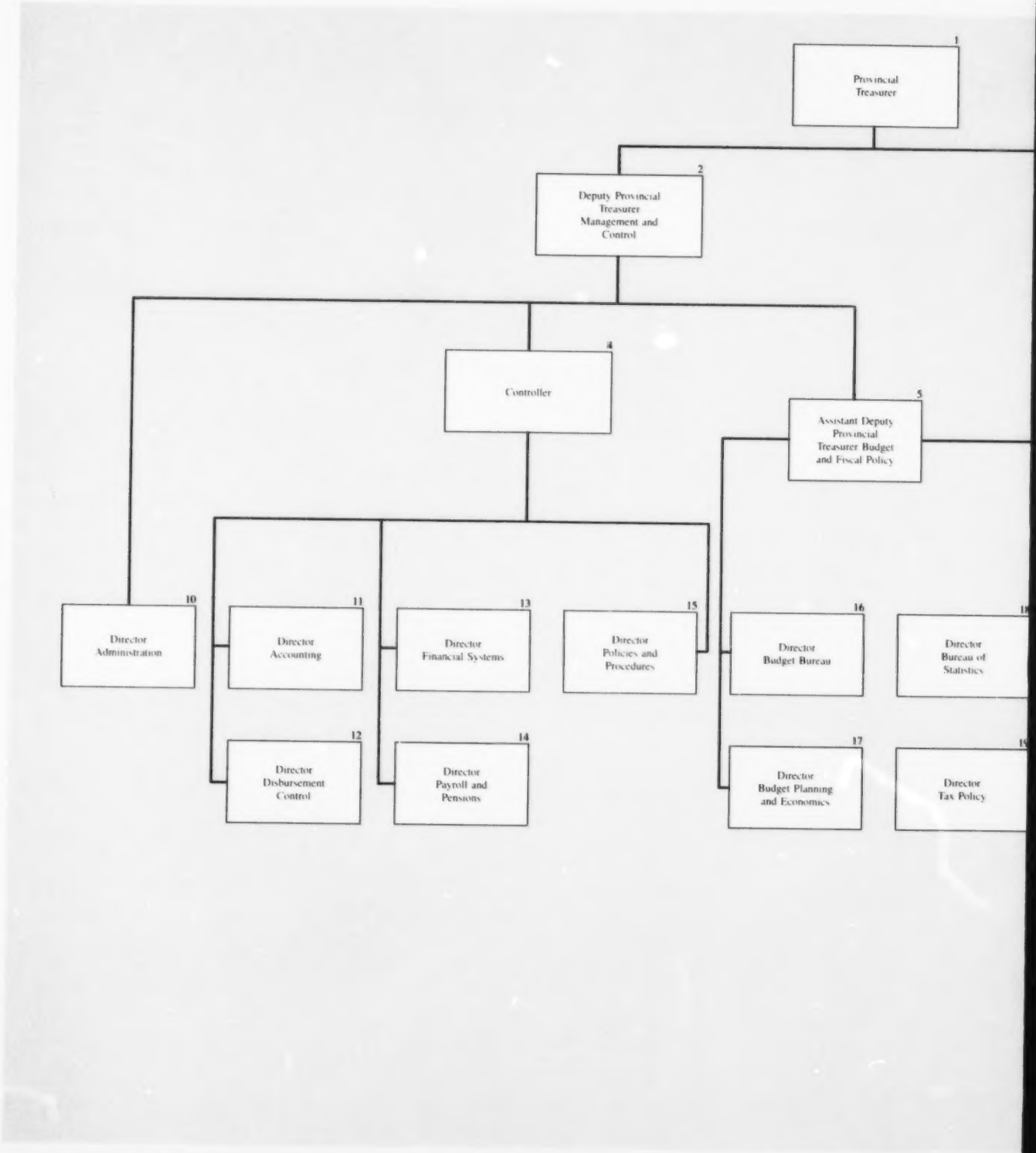
Mr. J.M. Drinkwater, Assistant Deputy Provincial Treasurer, Finance Programs, left the Department to join the Canadian Western Bank. We wish to acknowledge Mr. Drinkwater's 15 years of excellent service to the provincial government.

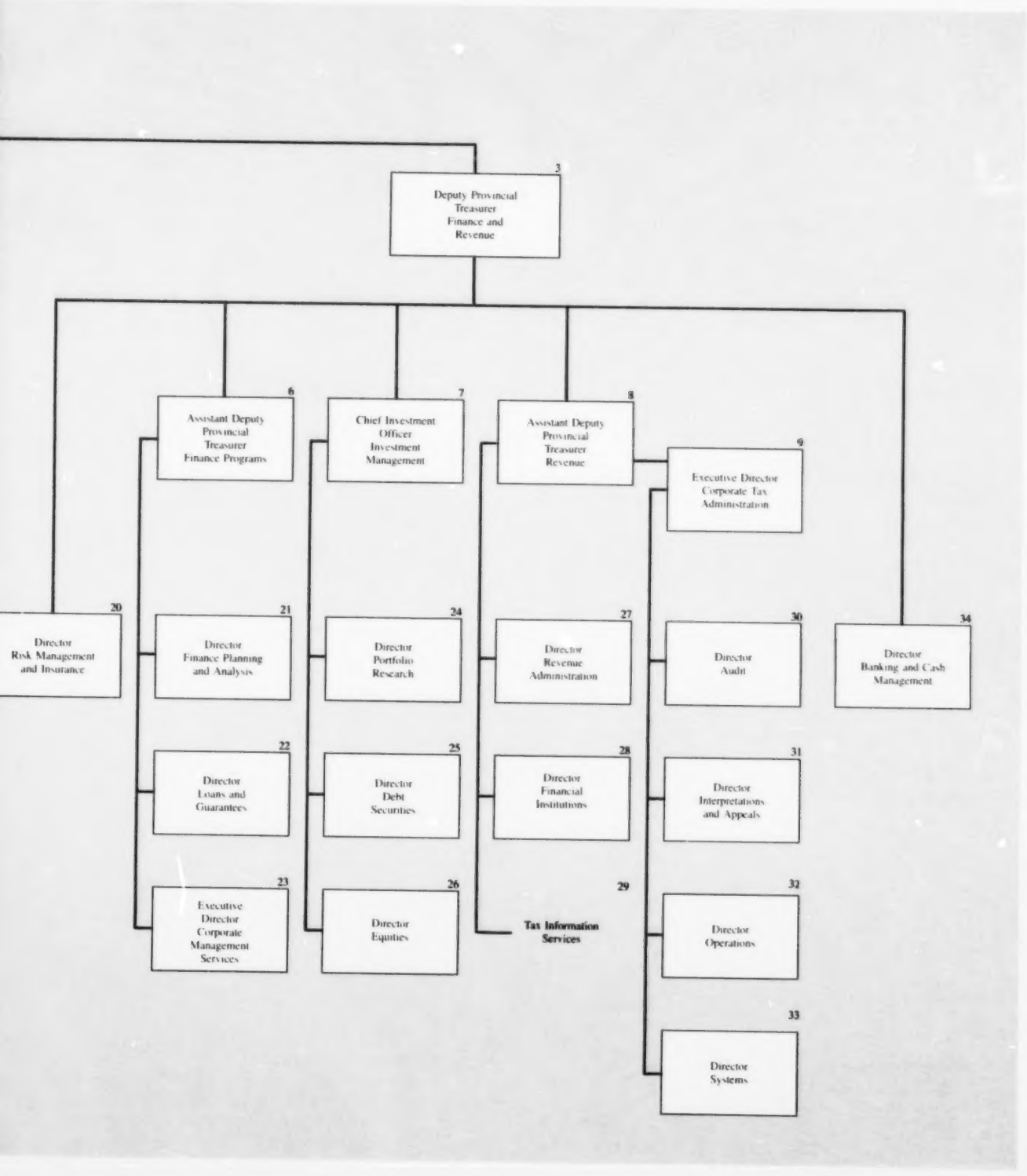
The commitment and innovations of the staff of Alberta Treasury played an important role in our success during this past year. We extend our sincere appreciation to all of our employees.

A.D. O'Brien
Deputy Provincial Treasurer
Management and Control

A.J. McPherson
Deputy Provincial Treasurer
Finance and Revenue

ORGANIZATIONAL CHART

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Deputy Provincial Treasurer Finance and Revenue
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Assistant Deputy Provincial Treasurer Finance Programs
7
Chief Investment Officer Investment Management
8
Assistant Deputy Provincial Treasurer Revenue
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Executive Director Corporate Tax Administration
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Director Risk Management and Insurance
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Director Finance Planning and Analysis
24
Director Portfolio Research
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Director Revenue Administration
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Director Audit
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Director Banking and Cash Management
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Director Loans and Guarantees
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Director Debt Securities
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Director Financial Institutions
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Director Interpretations and Appeals
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Executive Director Corporate Management Services
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Director Equities
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Tax Information Services
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Director Operations
33
Director Systems

FUNCTIONAL RESPONSIBILITY STATEMENTS

1. **Provincial Treasurer**
The Honourable Dick Johnston

The Provincial Treasurer, in accordance with the provisions of the Financial Administration Act, is responsible for the collection, management, control and reporting of revenue and expenditure; the regulation of Alberta credit unions, trust companies and investment contract companies; borrowings, investment and cash management; financial and budgetary procedures of the Crown, including the Alberta Heritage Savings Trust Fund; fiscal and economic planning; the development of tax policies and administration of corporate taxation and business incentives; and administration of public sector pension plans.

2. **Deputy Provincial Treasurer**
Management and Control
A.D. O'Brien

The Deputy Provincial Treasurer, Management and Control, is responsible for financial control and reporting, budget planning and management, intergovernmental fiscal arrangements, tax policy, economic analysis, statistics, public sector pensions, and departmental administrative and financial services.

3. **Deputy Provincial Treasurer**
Finance and Revenue
A.J. McPherson

The Deputy Provincial Treasurer, Finance and Revenue, is responsible for revenue and corporate tax administration; risk management and insurance programs; banking operations and administration of the Province's financial assets and liabilities, including guarantees, borrowing, Crown agency financing, cash management and investment management; and the Alberta Heritage Savings Trust Fund.

4. **Controller**
J.D. Peters

The Controller is responsible for controlling the receipt and disbursement of public funds, prescribing accounting and financial control policies, keeping or prescribing accounting records and systems, preparing the Public Accounts, and the administration of government pension plans.

5. **Assistant Deputy Provincial Treasurer**
Budget and Fiscal Policy
L.G. Morrison

The Assistant Deputy Provincial Treasurer, Budget and Fiscal Policy, is responsible for management of the provincial budget review and approval process; provision of research, analysis and recommendations on the Province's fiscal, economic, taxation and pension policies; intergovernmental fiscal relations; and statistics.

6. **Assistant Deputy Provincial Treasurer**
Finance Programs
J.M. Drinkwater
(to Jan. 31, 1989)

The Assistant Deputy Provincial Treasurer, Finance Programs, is responsible for management of the overall planning, administration and arrangement of all non-market investments for the Alberta Heritage Savings Trust Fund; financial and administrative aspects of advances and guaranteed loans; and development of policy and administrative procedures pertaining to a broad range of government financing arrangements, including direct and guaranteed borrowing.

7. **Chief Investment Officer**
Investment Management
S.J. Susinski

The Chief Investment Officer, Investment Management, is responsible for providing short-term and long-term investment management for various government accounts, and conducting capital market and investment risk analysis.

8. **Assistant Deputy Provincial Treasurer**
Revenue
A.H. Kalke

The Assistant Deputy Provincial Treasurer, Revenue, is responsible for collection of tax revenues (corporate, tobacco, pari mutuel, fuel, hotel and insurance); administration of tax incentives and credits; the review of fees and charges; the Alberta Farm Fuel Distribution Allowance and Public Utilities Income Tax Rebates, and collection of past due government receivables; regulation of Alberta credit unions, trust companies and investment contract companies, and administration of the Alberta Stock Savings Plan.

9. **Executive Director**
Corporate Tax Administration
L.H. Landry

The Executive Director, Corporate Tax Administration, is responsible for planning, developing and maintaining operational functions related to the administration of Alberta corporate income tax and related tax credit programs, the insurance corporations premiums tax and the

Alberta Stock Savings Plan eligibility program; communicating the provisions, procedures and programs under the legislation and ensuring the quality, effectiveness and timeliness of public contact.

10. **Administration**
Director: M.D. Faulkner

Administration is responsible for providing departmental support services, including a comprehensive personnel service, office accommodation, departmental financial services, office automation and records management services, library and research facilities, communication plans and projects, and general administrative support.

11. **Office of the Controller**
Accounting
Director: R.A.G. Lowen

Accounting is responsible for maintaining the principal financial records of the Government, preparing the Public Accounts, and initiating accounting and financial reporting policy development.

12. **Office of the Controller**
Disbursement Control
Director: T.W. Burns

Disbursement Control is responsible for the payment of accounts systems for the Province, the authorization of departmental requests for payment, and the internal audit function for the Department.

13. **Office of the Controller**
Financial Systems
Director: F.V. Scarfone

Financial Systems is responsible for the orderly development, documentation, implementation and maintenance of integrated financial systems for the Office of the Controller and their interaction with other Treasury and departmental systems.

14. **Office of the Controller**
Payroll and Pensions
Director: E.J. Wilcox

Payroll and Pensions is responsible for the operation of the central government payroll system as well as the collection of pension contributions and the administration of benefits for seven government pension plans.

15. **Office of the Controller**
Policies and Procedures
Director: M.H. Mylod

Policies and Procedures is responsible for developing financial control policies and procedures and advising government departments on appropriate financial systems and controls.

16. **Budget Bureau**
Director: G.G. Trogen

Budget Bureau is responsible for providing policy analysis and recommendations on matters affecting the Government's expenditure budget (General Revenue Fund and Alberta Capital Fund).

17. **Budget Planning and Economics**
Director: G.K. Robertson

Budget Planning and Economics is responsible for providing analysis and recommendations on Alberta's fiscal and economic outlook, pension policy and intergovernmental fiscal relations.

18. **Bureau of Statistics**
Director: H.W. Ford

The Bureau of Statistics is responsible for collecting, developing and distributing economic and social data for use by government departments, other institutions, the business community and the general public.

19. **Tax Policy**
A/Director: G.K. Robertson

Tax Policy provides research, analysis and recommendations on Alberta's own source revenue, designs tax measures to meet government objectives and develops tax legislation to implement government decisions.

20. **Risk Management and Insurance**
A/Director: R.W. Whitehouse

Risk Management and Insurance, in accordance with certain provisions of the Financial Administration Act and its regulations, administers a financial control program to protect, secure and preserve public assets against risk of accidental loss.

21. **Finance Planning and Analysis**
Director: R.A. Bhatia

Finance Planning and Analysis is responsible for providing

financial and policy analysis to help the Government make decisions on Heritage Fund plans, on Crown corporation capital budgets and financing, on financial sector policy, on major project investments, and other issues.

22. **Loans and Guarantees**
Director: G.H. Kinsman

Loans and Guarantees is responsible for managing government loans and guarantee programs and co-ordinating documentation for direct and guaranteed market borrowings.

23. **Corporate Management Services**
Executive Director: H.H. Strohbach

Corporate Management Services provides administrative support to the Alberta Municipal Financing Corporation and the Alberta Resources Railway Corporation.

24. **Investment Management**
Portfolio Research
Director: R.C. Kamp

Portfolio Research is responsible for economic research and forecasting for the division, capital market analysis, asset mix monitoring and performance measurement, as well as managing a number of investment portfolios.

25. **Investment Management**
Debt Securities
Director: J.M. Husken

Debt Securities is responsible for the public debt investing activities of the division, including the development of market strategy and the monitoring of the debt markets, as well as managing a number of investment portfolios.

26. **Investment Management**
Equities
Director: J.M. Campbell

Equities is responsible for the public equity investing activities of the division, including the development of equity strategy and the monitoring of the equity markets, as well as managing a major portfolio.

27. **Revenue Administration**
Director: L. Huisman

Revenue Administration collects consumer taxes, receivables in arrears, administers rebate programs, reviews fees and charges, and operates the central revenue office.

28. **Financial Institutions**
Director: T.S. Stroich

Financial Institutions is responsible for regulating the activities of Alberta credit unions, Alberta trust companies and investment contract companies, and monitoring these companies to determine solvency, viability and compliance with applicable legislation.

29. **Tax Information Services**
Manager: D.M. Russell

Tax Information Services provides communication support services to Revenue Branch, and information and enquiry services regarding the Acts and programs administered by Corporate Tax Administration and Revenue Administration.

30. **Corporate Tax Administration**
Audit
Director: C.J. Calarco

Audit is responsible for carrying out verification of declared corporate income tax and claims for incentive entitlements; and identifying areas where taxpayers have incorrectly declared income for tax purposes or incentive eligibility.

31. **Corporate Tax Administration**
Interpretations and Appeals
Director: E.J. Ramsay

Interpretations and Appeals assists taxpayers and tax practitioners in the interpretation of the Alberta Corporate Income Tax Act by providing rulings and opinions; responding to objections and appeals made by taxpayers with respect to assessed taxes; and certifies eligibility of stock issues under the Alberta Stock Savings Plan Act.

32. **Corporate Tax Administration**
Operations
Director: L.M.L. Rokosh

Operations is responsible for maintaining the tax roll; processing corporate income tax returns and issuing notices of assessment/reassessment; maintaining taxpayer accounts; processing refunds and taxpayer remittances; collecting outstanding tax accounts; responding to taxpayer enquiries pertaining to filed tax returns, notices of assessment and statements of account; and maintaining taxpayer records.

33. **Corporate Tax Administration**
Systems
Director: J.W.K. Parton

Systems is responsible for providing systems and data

processing services to support the administrative, operational and management information systems of the Revenue Branch; and providing administrative and financial services to Corporate Tax Administration.

34. **Banking and Cash Management**
Director: D.R. Bishop

Banking and Cash Management is responsible for managing the banking relationships of the Government; analysing government cash flows on a short-term and medium-term basis; ensuring collection of investment income; maintaining a registry of debt holders; administering debt payments and limits; performing custodial functions for investment portfolios managed by Alberta Treasury and for departments; developing, operating and maintaining manual and automated finance-related systems; and administering all investment, debt, foreign exchange and securities lending settlement activities.

II. BRANCH AND DIVISION REPORTS

MANAGEMENT AND CONTROL

Office of the Controller
- Accounting
- Disbursement Control
- Financial Systems
- Payroll and Pensions
- Policies and Procedures

Budget and Fiscal Policy Branch
- Budget Bureau
- Budget Planning and Economics
- Bureau of Statistics
- Tax Policy

Administration

OFFICE OF THE CONTROLLER

ACCOUNTING

FUNCTIONS

- Initiate accounting and financial reporting policy development and approve policy for implementation throughout the Government; review proposed legislation for accounting and financial reporting implications.
- Maintain the principal financial records of the Government; prepare interim and annual financial statements.
- Prepare consolidated financial statements for the Province; prepare the Public Accounts and supplementary reports of expenditure by payee and reports of payments required under the Legislative Assembly Act.
- Administer computer systems for:

  — general ledger accounting;
  — revenue accounting and reporting;
  — control of accountable advances;
  — control and reconciliation of issued, negotiated and replacement cheques; and
  — expenditure reporting by payee.

YEAR IN REVIEW

- Developed accounting and reporting policy for hedging exchange risk on foreign currency debt issues.
- Maintained operational integrity of general ledger and other systems during mid-year conversion of remaining departments and related regulated funds to the Departmental Financial System/Central Financial System.
- Prepared the General Revenue Fund and consolidated financial statements for the Province on a more timely basis than in previous years by streamlining the adjustment process and increased use of microcomputers.
- Prepared the Public Accounts on a more timely basis by reducing their size and combining two volumes into one.

DISBURSEMENT CONTROL

FUNCTIONS

- Control expenditures and disbursements in accordance with Section 39 of the Financial Administration Act, ensuring legality, authority and availability of funds.
- Operate the central government payment of accounts system, maintain payment records and issue cheques.
- Review departmental systems to ensure compliance with prescribed standards for internal control.
- Provide an internal audit function for the department.
- Develop and encourage good relations with the vendor community by identifying and resolving payment problems, monitoring departmental/vendor activities and responding to vendor enquiries.

YEAR IN REVIEW

- Processed approximately four million cheques through the central payment of accounts system.
- Monitored departmental processing times for payment transactions throughout the year. Average processing time for the Government was approximately 22 days at March 31, 1989.
- Initiated a project to facilitate payments to vendors via electronic funds transfer.
- Responded to approximately 4000 calls from vendors seeking assistance or information regarding government payments.
- Completed the conversion of government departments to the new central payment of accounts system and developed the user requirements for further enhancements to the system.
- Initiated a pilot project to replace the vehicle expense voucher with a government credit card for the purchase of automotive fuels and minor emergency repairs relating to government vehicles.

DISBURSEMENT CONTROL
STATISTICAL HIGHLIGHTS
(unaudited)

	1988/89	1987/88
CHEQUES ISSUED		
Social Programs	1,820,000	1,818,000
Vendors	1,426,000	1,293,000
Payroll & Pensions	555,000	594,000
Manual and Other	85,000	91,000
TOTAL	3,886,000	3,796,000
Invoices Processed	4,337,000	4,581,000
VENDORS		
Number of Vendors	295,000	204,000
Vendor Enquiries	4,000	5,000

FINANCIAL SYSTEMS

FUNCTIONS

- Develop, implement and maintain integrated financial systems for the Office of the Controller and for use by departments, funds and agencies.
- Co-ordinate the development and implementation of office automation technology and the operation of financial systems by operating divisions of the Office of the Controller.

YEAR IN REVIEW

- Completed conversion of last government departments from AFIS to Departmental Financial System/Central Financial System (DFS/CFS). The system operates 101 separate ledgers (26 added during the year).
- Conversion from central data entry to remote data entry continued at a steady rate; only six users are still on central data entry.
- Enhanced DFS/CFS and related financial subsystems through 550 requests for change.
- Processing costs for DFS/CFS increased by less than 2 percent while transaction volumes increased by almost 95 percent due to the conversion of departments from AFIS.
- Developed specifications for an Electronic Funds Transfer system to support and augment the existing payment of accounts function.
- Installed a modern microcomputer-based local area network to replace aging equipment and enhance word processing and document retrieval facilities throughout the Office of the Controller.
- Continued testing the upgraded version of the DFS/CFS software which will be implemented in the next fiscal year.

PAYROLL AND PENSIONS

FUNCTIONS

- Control payroll disbursements in accordance with the Financial Administration Act and applicable legislation.
- Operate the central government payroll system.

- Administer seven government pension plans, including the collection of pension contributions and determination and payment of benefits.

YEAR IN REVIEW

- Established the new Judges and Masters in Chambers Pension Plan. Transferred affected members from the Public Service Management Pension Plan to the new plan.

- Developed the Manpower Utilization and Measurement System in conjunction with Budget Bureau to record and report on full-time equivalent manpower utilization by government departments, permitting measurement of the size of the public service as well as comparison of manpower consumption to budgets.

- Created the Alberta Health Care Billing Subsystem to permit the Alberta Government, as an employer, to meet the accounting and reporting requirements of the new Health Care System.

- Developed an interface with the Financial Reporting and Costing System of Alberta Transportation which permits payroll transactions and cost distributions to be handled electronically.

- Completed conversion of remaining departments from AFIS to DFS accounting within the payroll system.

- Redeveloped the relevant forms, procedures and calculations used in the payroll systems in response to Stage I of the federal income tax reform.

- Processed negotiated pay increases for all Bargaining Unit subsidiaries, as well as Opted Out/Excluded and Management classes. These were handled in a highly automated manner, resulting in nearly all of the pay increases being processed before the employee's next salary payment.

- Developed a new subsystem to provide information to Public Works, Supply and Services on employee parking allocations and withholdings.

- Enhanced the payroll system to meet the new reporting requirements for the Extended Medical Benefits Program, formerly handled by Alberta Blue Cross and now administered by Personnel Administration Office.

- Developed a new reporting system to meet the statutory information requirements of Statistics Canada.

- Implemented a new system for determining the cost and amortization for purchase of prior pensionable service.

- Presented pension information seminars and pre-retirement seminars to a combined attendance of 6,500 pension plan participants.

- Provided employer workshops to 850 representatives of 500 employers.

- Issued eight "Pension News" letters to pension plan employers. Four publications of the "Postscript" newsletter were issued on behalf of the Alberta Retired Public Employees Society.

- Researched and prepared 70 appeal files for presentation to the Alberta Pension Boards.

PAYROLL AND PENSIONS
STATISTICAL HIGHLIGHTS
(unaudited)

	1988/89	1987/88
PAYROLL (number of)		
Salary and Wage payments issued	976,892	957,022
PENSIONS (number of)		
Pensioners	27,282	25,729
Contributor Accounts	134,968	125,952
Employers	563	557
Cheques Deposited	11,058	12,180
Retirement payments issued	324,952	300,191
Refund payments issued	10,972	12,127
RECEIPTS AND PAYMENTS (thousands of dollars)		
Pension contributions received	$ 416,654	$ 386,265
Salaries/wages paid	1,382,977	1,340,304
Pensions paid	271,645	240,778
Refunds paid	56,355	38,966

POLICIES AND PROCEDURES

FUNCTIONS

- Develop and communicate accounting and financial control policies and procedures.
- Assist departments to develop and implement financial control systems and procedures.

YEAR IN REVIEW

- Conducted a review of the effectiveness of financial system procedural documentation, identified necessary changes, and reissued the user procedures manual to all departments in an improved format so that information required by system users is easier to access and understand.
- In conjunction with Financial Systems, completed the implementation of DFS/CFS in January, 1989, and trained departmental staff on how to use the new system.
- Commenced the evaluation of the latest software for DFS/CFS to identify user requirements and changes to be made to the financial system user procedures manual.
- Researched a variety of financial management policy issues, drafted position papers, made recommendations and prepared Treasury Board Directives and other official documents pertaining to these policies.
- Reviewed draft legislation for accounting and financial control policy implications.
- Issued updates to the Government's accounting and financial control policy manual.
- Responded to requests from departments and agencies for advice on the application of accounting and financial control policies.
- Researched and co-ordinated the drafting of the report submitted by the Provincial Treasurer to the Public Accounts Committee on the recommendations of the Auditor General.

BUDGET BUREAU

FUNCTIONS

- Manage the annual expenditure budget planning and review process (General Revenue Fund, Alberta Capital Fund and the Alberta Heritage Savings Trust Fund – Capital Projects Division).
- Provide research, analysis and recommendations concerning:
  - — overall expenditure budget planning,
  - — departmental budget proposals,
  - — new or changed program policies,
  - — Supplementary Estimates,
  - — Special Warrants,
  - — funding and staff establishment reallocations,
  - — draft legislation and regulations.
- Design and implement improved budget methodologies and administrative control policies across government, including those affecting electronic data processing in departments and agencies.
- Support the Secretary to the Treasury Board.
- Co-ordinate operations of the Government Land Purchase Revolving Fund.

YEAR IN REVIEW

- Prepared analyses and co-ordinated the review of departmental submissions for the 1989-90 Estimates, and facilitated the Treasury Board review and decision-making process by:
  - — developing and presenting to Treasury Board options to assist in the control of expenditures, and
  - — providing Treasury Board with various special topic analyses and reports in support of the development of the levels of expenditure for the 1989-90 Estimates.
- Published the 1989-90 Estimates documents including separate estimates for the Legislative Assembly, Alberta Capital Fund and the Alberta Heritage Savings Trust Fund-Capital Projects Division.
- Analysed and made recommendations to the Provincial Treasurer on applications by departments for special warrants, transfers of funds and other budgetary issues.
- In conjunction with Payroll and Pensions, designed and implemented a government-wide manpower utilization and monitoring system.
- Participated in an interdepartmental committee on software commercialization.

BUDGET PLANNING AND ECONOMICS

FUNCTIONS

- Plan and co-ordinate the annual Budget Address.
- Provide fiscal forecasts and recommend policy options.
- Monitor the performance of the budget plan and fiscal developments in other jurisdictions.
- Conduct economic situation and outlook assessments of the Alberta, national and international economies.
- Provide macro-economic analysis and policy advice.
- Analyse intergovernmental financial arrangements and offer policy advice.
- Evaluate and make policy recommendations for provincially administered employee pension plans and the Canada Pension Plan.

YEAR IN REVIEW

- Prepared fiscal forecasts and policy options as part of the budget planning process.
- Participated in interdepartmental meetings to set resource price and production assumptions.
- Monitored the performance of the fiscal plan in relation to the 1988-89 budget estimates.
- Assisted in the preparation of prospectuses, rating agency briefings, cash forecasts and other related documents.
- Provided economic policy advice on various issues, including an assessment of and alternatives to the federal interest rate policy.
- Participated in intergovernmental meetings on fiscal and economic matters and helped prepare Alberta's position.

- Further developed Alberta's claim for fiscal stabilization from the federal government in respect of Alberta's revenue downturn in 1986-87.
- Assisted in the development of a separate pension plan for Provincial Court Judges and Masters in Chambers.
- Participated in federal/provincial discussions regarding the Canada Pension Plan.
- Worked with a consulting actuary on the preparation of actuarial valuations of provincially administered pension plans and participated in presenting the results to the members of the pension boards.

BUREAU OF STATISTICS

FUNCTIONS

- Serve as the central statistical agency of the Alberta Government, operating under The Statistics Bureau Act.
- Determine and respond to the needs of various client groups (e.g. government, business, general public) and provide required statistical data for the policy and planning functions of the Alberta government and the decision-making processes in the private sector.
- Collect, compile, analyse and disseminate economic, demographic and social statistics on Alberta.
- Provide methodological and other statistically related assistance to, and co-ordinate the existing and proposed statistical activities of, government departments.
- Collaborate with Statistics Canada and other provincial statistical agencies to minimize duplication and maintain statistical standards.

YEAR IN REVIEW

- Established a Special Projects Group to respond to the statistical needs of government departments, co-ordinate joint initiatives with them, and obtain access to and produce output from Statistics Canada.
- For the Alberta government, developed a system to generate census information according to user defined areas. Provided over 200 custom statistical reports.
- Prepared population estimates and projections for Alberta and its census divisions, and in consultation with individual departments, for their administrative regions.
- Developed a prototype for an expanded, more comprehensive Alberta Business Register.
- Responded to over 7,400 public and private sector requests for statistical information.
- Provided methodological assistance on statistical activities undertaken by over 20 government departments.
- Co-ordinated the acquisition and dissemination of special tabulations from the Canada Census.
- Co-ordinated the operation, maintenance and administration of the Alberta Statistical Information System (ASIST).
- Used various administrative sources to develop and produce statistics on population, demographic characteristics and unemployment.
- Improved the timeliness of the preliminary Gross Domestic Product estimates.
- Used input-output models to assist government departments in conducting a number of economic impact assessments.
- Represented Alberta on a number of federal/provincial statistical co-ordinating committees.

Publications available from the Alberta Bureau of Statistics are listed in Appendix B. In addition, a number of shorter reports and pamphlets, covering various demographic and economic topics, are available upon request.

TAX POLICY

FUNCTIONS

- Provide research, analysis and recommendations on Alberta's own source revenue policies including taxes, royalties, fees and charges.
- Design tax measures to meet specific Alberta economic and social policy objectives.
- Prepare Alberta tax legislation.
- Analyse federal and other provinces' tax policies.
- Work with the federal Department of Finance, other provincial and private sector tax officials on tax policy issues.
- Serve as a resource on tax matters for Treasury and other government departments.
- Work with Treasury's Corporate Tax Administration and Revenue Administration, other program departments and Revenue Canada, on the implementation and ongoing administration and evaluation of tax programs.

YEAR IN REVIEW

- Prepared analysis of certain tax sources as part of the budget planning process.
- Started a review of the Alberta Stock Savings Plan, and the Alberta Royalty Tax Credit program.
- Prepared amendments to the Alberta Personal and Corporate Income Tax Acts to reflect federal tax reform and developed potential amendments to Alberta's consumption tax acts.
- Provided tax policy advice on several matters, including issues related to major resource projects.
- Analysed the impact on Alberta of the proposed federal Goods and Services Tax, and represented Alberta on various federal/provincial committees.

ADMINISTRATION

FUNCTIONS

- Provide advice and assistance to the Department by establishing standards for, and by carrying out, the recruitment and selection process, the training and development function, employee relation activities, human resource planning, the pay and benefits program; administer the collective agreements between the Government and the Alberta Union of Provincial Employees as they relate to Treasury; and maintain a personnel management information system.
- Analyse and effect position classification or reclassification requests.
- Prepare the annual departmental budget and EDP Plan and monitor expenditures throughout the year.
- Establish and maintain accounting records and procedures for the Department, ensuring adequate financial control.
- Develop, evaluate and implement enhancements to the records management program.
- Co-ordinate and assist with proposed legislative changes or recommendations, Treasury Board Directives, Authorizations, and Orders in Council.
- Supply administrative support services for the Department, including space management, parking allocation and control, security, conference co-ordination, telecommunications, mail and courier services.
- Plan, develop, and co-ordinate the production and distribution of publications.
- Participate in various departmental communications committees and assist with the internal and external communication needs of the Department.
- Develop, recommend and implement approved internal administrative policies and procedures within the Department.
- Provide office automation systems support to the Department.

- Provide library materials, a reference service related to the Department's Official Documents, and other services to support the Department's research needs.
- Administer attachment of wages and salaries of government employees.
- Procure departmental supplies and equipment.

YEAR IN REVIEW

- Improved financial services through the implementation of an automated accounts receivable system.
- Provided the administrative support and financial administration for the Code Inquiry.
- Developed the communications plan for the 1988 Alberta Capital Bond campaign, co-ordinated production of program and promotional materials, development of advertising concepts, and co-ordinated province-wide distribution of materials.
- Initiated a cost recovery of more than $400,000 in Workers' Compensation claims.
- Through funds from the A.L. Sifton Estate, a pilot project for group homes was established under the administration of the Department of Social Services.
- Implemented an electronic mail system on a pilot project basis for senior management to promote computer literacy, speed internal communications, and to promote greater efficiency.
- Developed plans for the implementation of word processing systems to replace antiquated equipment that had become costly to repair and caused significant downtime in operations.
- Developed a schedule for records pertaining to Executive officials which set the framework for the disposition of all records in the Department in an efficient and consistent manner.

Selected Personnel Transactions During Fiscal Year 1988-89 (a)

	Hirings		Separations		Positions Classified and Reclassified
	Male	Female	Male	Female	
Managerial	6	—	11	2	14
Professional	26	9	25	13	54
Technical	20	12	15	11	57
Support	14	60	4	45	93
	66	81	55	71	218

(a) Excludes Alberta Treasury Branches.

Position Establishment At March 31, 1989 by Classification (a)

	Occupied		Vacant	Total
	Male	Female		
Managerial	159	28	19	206
Professional	65	47	18	130
Technical	70	57	13	140
Support	48	271	20	339
	342	403	70	815

(a) Excludes Alberta Treasury Branches.

BRANCH AND DIVISION REPORTS

FINANCE AND REVENUE

Finance Programs Branch
- Finance Planning and Analysis
- Loans and Guarantees
- Corporate Management Services

Revenue Branch
- Corporate Tax Administration
  - Audit
  - Interpretations and Appeals
  - Operations
  - Systems
- Financial Institutions
  - Credit Unions
  - Trust Companies
- Revenue Administration
- Tax Information Services

Investment Management

Banking and Cash Management

Risk Management and Insurance

FINANCE PLANNING AND ANALYSIS

FUNCTIONS

- Co-ordinate Treasury's planning and policy analysis for the Alberta Heritage Savings Trust Fund.
- Prepare prospectuses, offering circulars and related documentation for the Province's borrowing program.
- Analyse and make recommendations on policy issues in the regulation of Alberta's financial sector.
- Analyse and provide recommendations on capital budgets, program initiatives and financing requirements of provincial Crown corporations.
- Provide analysis and recommendations on a broad range of financial issues and proposed initiatives.
- Prepare the quarterly and annual reports of the Alberta Heritage Savings Trust Fund; prepare those sections of the Budget Address and other publications related to the Heritage Fund, other major regulated funds, and provincial Crown corporations.

YEAR IN REVIEW

- Co-ordinated preparation of prospectuses for the Province's Cdn$500 million, Cdn$650 million and US$600 million Euro debt issues.
- In co-operation with other divisions, co-ordinated development of the Alberta Capital Bond borrowing program.
- Analysed and made recommendations on a range of policy issues relating to the Province's new Credit Union Act, Loan and Trust Corporations Act, and national developments in the financial sector. The division also provided briefings for several federal/provincial and interprovincial ministerial and deputy ministerial meetings regarding the financial sector.
- Co-ordinated the preparation of an information sharing agreement among the western provinces and subsequently all provinces on the regulation of financial institutions.
- Contributed significantly to the development of the Small Business Interest Shielding and Capital Loan Guarantee Programs.

LOANS AND GUARANTEES

FUNCTIONS

- Co-ordinate Treasury's policy analysis and planning for government loans and guarantees.
- Review and provide recommendations on proposed loans and guarantees.
- Develop terms and conditions and appropriate business arrangements for loans and guarantees.
- Special assignments on corporate recovery programs and refinancing arrangements.
- Approve documentation for provincial and Crown corporation borrowings.
- Develop and review legislation, regulations and orders for loans, guarantees, provincial and Crown corporation borrowings.
- Administer loans and guarantee agreements and monitor and report on loans and guarantees under various government programs.

YEAR IN REVIEW

- Assisted in preparation of the Joint Venture Agreement for the Bi-Provincial Upgrader, and the OSLO Project Statement of Principles.
- Initiated discussions and documentation for the OSLO Project financing agreements.
- Completed documentation for guaranteed financing for the Weldwood of Canada, Hinton Pulp Mill expansion project, and the Magnesium Company of Canada Ltd.'s new magnesium plant at High River.
- Completed guarantee arrangements for Centennial Packers Ltd. and initiated documentation for Fletchers Fine Foods Ltd. guarantee.

- Completed discussions and initiated documentation for the guaranteed financing for the Alberta Newsprint Company mill at Whitecourt.

- Initiated discussions on Crestbrook Forest Industries Ltd.'s Athabasca Pulp Mill Project financing, and guaranteed financing for the Alberta Energy Company Pulp Mill Project near Slave Lake.

- Completed agreements related to market borrowings for $590 million in Canadian capital markets, $1,750 million in Eurodollar markets, and $200 million of 9.6 percent AGT Debentures.

CORPORATE MANAGEMENT SERVICES

FUNCTIONS

- Provide accounting, investment and debt management services to the Alberta Resources Railway Corporation.

- Manage the affairs of the Alberta Municipal Financing Corporation.

YEAR IN REVIEW

- Alberta Municipal Financing Corporation:

  — New loans issued in 1988 totalled $314 million, an increase of $7 million from total loans made in 1987 of $307 million.

  — The capital required in 1988 to satisfy the needs of municipal, school and hospital authorities was obtained by the Corporation from the Canada Pension Plan Investment Fund.

  — Debt redemption in 1988 totalled $222 million, consisting of $155 million issued to the Provincial Treasurer of Alberta, $65 million issued to the Canada Pension Plan Investment Fund, and $2 million in U.S. public issues.

  — Total outstanding loans receivable were $5.0 billion at the end of 1988. Of this total 77.0 percent was borrowed originally for municipal purposes, 22.7 percent for school purposes, and 0.3 percent for hospital purposes.

Note: Alberta Municipal Financing Corporation statistical table appears on the following page.

The Alberta Municipal Financing Corporation has loaned over $8.5 billion to municipal jurisdictions since its inception in 1956. Of this amount, $5.048 billion remains outstanding as of December 31, 1988. These loans are analysed as follows:

(unaudited)

(thousands of dollars)	Principal Outstanding	1-Jan-88 to 31-Dec-88		Principal Outstanding
By Jurisdiction	**31-Dec-87**	**New Loans Issued**	**Principal Repaid**	**31-Dec-88**
Cities:				
Airdrie	$ 11,489	$ 291	$ 279	$ 11,501
Calgary	1,520,911	50,000	50,157	1,520,754
Camrose	18,291	708	866	18,133
Drumheller	9,424	155	404	9,175
Edmonton	1,514,162	114,000	86,613	1,541,549
Fort McMurray	19,969	—	1,710	18,259
Fort Saskatchewan	9,870	—	526	9,344
Grande Prairie	54,614	—	2,232	52,382
Leduc	16,833	338	759	16,412
Lethbridge	62,917	6,671	4,052	65,536
Lloydminster	18,614	780	906	18,488
Medicine Hat	54,319	9,598	1,645	62,272
Red Deer	65,714	1,640	3,189	64,165
Spruce Grove	8,974	579	415	9,138
St. Albert	38,905	140	1,122	37,923
Wetaskiwin	14,593	115	460	14,248
Total Cities	3,439,599	185,015	155,335	3,469,279
Towns	304,752	14,239	16,937	302,054
Villages	38,594	1,107	2,135	37,566
Counties — Schools	205,706	24,638	14,691	215,653
— Other	44,055	5,871	4,015	45,911
Municipal Districts	7,007	1,769	207	8,569
Improvement Districts	4,775	—	84	4,691
Irrigation and water services	17, 438	15,822	510	32,750
Hospitals	6,316	395	470	6,241
Universities & colleges	17,350	1,800	351	18,799
School districts and divisions	904,102	63,377	60,527	906,952
	$4,989,694	$314,033	$255,262	$5,048,465
By Purpose				
Municipal — General	$3,059,214	$137,926	$151,200	$3,045,940
— Utility	784,123	86,000	28,172	841,951
Hospital	16,512	1,292	1,100	16,704
School	1,129,845	88,815	74,790	1,143,870
	$4,989,694	$314,033	$255,262	$5,048,465

Note: Alberta Municipal Financing Corporation year-end is December 31. Detailed information is available in its annual report which may be obtained from the address listed in Appendix B.

CORPORATE TAX ADMINISTRATION

AUDIT

FUNCTIONS

- Develop and maintain the audit capability for the Alberta Corporate Income Tax Act, encouraging voluntary compliance, deterring tax avoidance and ensuring uniform application of the law.
- Utilize efficient audit techniques, including appropriate computer software, to identify potential candidates for audit.
- Maintain a program of limited desk audits and in-depth field audits.
- Co-ordinate Alberta tax audit activities, where possible, with other agencies and governments to avoid duplication of audit effort.

YEAR IN REVIEW

- Out-of-province and foreign audits continued to be a major source of recoveries, primarily in the area of the Royalty Tax Credit program.
- Interprovincial allocation of income continued to be an area of significant interest. Ongoing liaison was established with other jurisdictions to prevent reallocation of taxable income from Alberta and to review outstanding allocation issues.
- Audits of the Manufacturing and Processing Profits Deduction continued with some significant disallowances for companies which did not meet the eligibility requirements.
- Several tax cases continued in civil litigation where Corporate Tax Administration has challenged plans relating to Royalty Tax Credit carve-outs and the bumping-up of undepreciated capital costs.
- Extensive use was made of EDP systems to increase audit effectiveness through online verification of energy-related data and through the increased use of microcomputers in the field.

INTERPRETATIONS AND APPEALS

FUNCTIONS

- Issue binding advance tax rulings to confirm tax implications of major business transactions.
- Review taxpayers' objections and confirm, vary or vacate assessments.
- Liaise with the Attorney General's Department on taxpayers' appeals to the court.
- Provide information to the corporate tax community by publishing interpretation bulletins and information circulars.
- Respond to technical enquiries.
- Assist in the drafting of amendments to, and prepare regulations under, the Alberta Corporate Income Tax Act and the Alberta Stock Savings Plan Act.
- Establish eligibility of stock issues under the Alberta Stock Savings Plan Act.

YEAR IN REVIEW

- Issued 17 advance tax rulings and responded to numerous requests for technical interpretations and opinions covering a broad range of topics.
- Disposed of 318 objections related to a broad range of issues under the Alberta Corporate Income Tax Act.
- Provided information to the corporate tax community by developing articles for Tax Notes concerning Corporate Tax Administration's policy on filing dates and Alberta's reaction to various federal tax reform issues and by updating the AT1 Guide.
- Liaised with Revenue Canada officials on various allocation issues, in an attempt to resolve interprovincial disputes.
- Analysed the administrative repercussions of adopting or following federal corporate tax reform provisions.
- Reviewed and approved 33 applications for Certificates of Eligibility under the Alberta Stock Savings Plan.

OPERATIONS

FUNCTIONS

- Identify corporations subject to the Alberta Corporate Income Tax Act and maintain the taxroll; ensure each corporation files returns and information as required by law, voluntarily or by legal enforcement.

- Process and assess corporate tax and insurance premium tax, verify the accuracy of tax credit claims, prepare reassessments and issue notices of assessment/reassessment.

- Process Royalty Tax Credit instalment applications on a monthly basis.

- Administer the receipt of payments and maintain corporate accounts, which includes processing taxpayer remittances, issuing statements of account, and issuing refunds.

- Provide an inquiry service allowing corporations to determine the status of their tax accounts; assist taxpayers in resolving account discrepancies and make adjustments where necessary.

- Collect outstanding tax accounts and refer problem accounts to Crown Debt Collections.

- Ensure all documents concerning corporate registration and filing, as well as administrative correspondence and other documents, are accurately and securely maintained on file.

YEAR IN REVIEW

- Processed 112,001 tax returns, an increase of 2.2 percent over the previous year. The average elapsed time to process a tax return was 20 days. Processed 97,178 tax payments, an increase of 7.4 percent over the previous year.

- A pilot project was initiated involving three major vendors in the field of electronic imaging with the objective of determining the applicability and feasibility of the technology for storage and retrieval of documents in CTA.

- The first phase was completed of the development of the Compliance Inventory Management System which will provide a major improvement in the management and processing of files in collection and compliance action.

- Increased emphasis was placed on technical training involving a complete review of all in-house training modules and an update to relfect the latest legislative provisions. External resources were utilized to provide technical training on changes in tax and oil and gas legislation.

SYSTEMS

FUNCTIONS

- Plan and manage the development, implementation, operation and maintenance of systems to support the operational, management and administrative functions of the Revenue Branch.

- Provide data processing services and facilities to Corporate Tax Administration, Revenue Administration, Financial Institutions and Tax Information Services.

- Develop and maintain procedure manuals and forms required for the operations of the Revenue Branch.

- Provide administrative, and internal financial and personnel support services to Corporate Tax Administration.

YEAR IN REVIEW

- Undertook a comprehensive review of the corporate income tax system electronic data processing to establish a technological architecture for future development and a framework for maintaining the effectiveness of the system over the next decade.

- Completed development of a system to automate the processing of corporate income tax objections and appeals for improved efficiency and management.

- Commenced development of a system to provide online processing to support the functions of the recently amalgamated collections and filing compliance units.

- Conducted a pilot project using electronic and optical laser technology for the future storage and retrieval of documents in image form, as a potential successor to the current microfiche system for corporate files.

- Conducted a pilot project using microcomputers in a local area network, and then adopted this system configuration for use in the Financial Institutions information processing environment.

- Commenced research and planning for the use of automation in the systems development and maintenance functions in order to improve the productivity of staff and the quality of systems.

CORPORATE TAX ADMINISTRATION
STATISTICAL HIGHLIGHTS
(Unaudited)
(thousands of dollars)

	1988/89	1987/88
TAX RETURNS		
Number Received	113,344	109,827
Number Assessed	112,001	109,571
Number Reassessed	14,465	17,257
PAYMENTS		
Number Received — Corporate Income Tax	97,178	90,484
Dollar Value — Corporate Income Tax	759,037	682,489
Number Received — Insurance Corporations Tax	417	390
Dollar Value — Insurance Corporations Tax	55,018	49,760
ASSESSMENTS		
Corporate Taxable Income Allocation to Alberta	6,454,035	6,456,555
Dollar Value of Corporate Income Tax Assessed	642,335	510,038
Dollar Value of Refundable Tax Credit Assessed	435,918	399,967
Dollar Value of Insurance Corporations Tax Assessed	51,668	49,616
OTHER OPERATING INFORMATION		
Number of Advance Rulings Issued	17	20
Number of Notices of Objection Disposed of	318	209
Number of Telephone Enquiries Received from Corporations	10,834	19,000

FINANCIAL INSTITUTIONS

CREDIT UNIONS

FUNCTIONS

- Maintain a legislative and regulatory framework in which Alberta credit unions offer financial services to members. Recommend amendments to legislation and regulations in response to changing needs.
- Ensure compliance with the legislation by monitoring financial reports, completion of desk examinations or detailed on-site examinations as appropriate. Report on the operational management, quality of assets and other related matters.
- Liaise with those connected with the credit union system to stay informed of changing needs, and clarify and interpret legislation and policies.
- Investigate and resolve complaints regarding credit unions.
- Consolidate financial data from individual credit unions, analyse information and monitor operating results to provide an early warning of developing financial difficulties.

YEAR IN REVIEW

- Completed the review of the credit union examination process with emphasis on the early detection of financial difficulties and the identification of areas where future problems may arise.
- Participated in a complete review and rewrite of the Credit Union Act and Regulations. Developed a new information bulletin to communicate interpretation of

the legislation, divisional policies and other related credit union matters to the credit union system.

- Led a task force to develop a new code of accounts and monthly financial and statistical reporting format to provide more effective analysis of the financial operations of Alberta credit unions.

- Participated in the development of model by-laws which will assist both existing and new credit unions in their preparation of by-laws required under the new credit union legislation.

- Carried out an examination of credit unions in the Province to ensure compliance with existing legislation and to determine economic viability and financial soundness.

- Developed an implementation program related to the new Credit Union Act and Regulations to deliver information and interpretation of the Act and Regulations to senior management and elected officials of the credit union system.

- The Policies and Procedures Manual was rewritten to reflect the changes to procedures that emanate from the new Credit Union Act.

- Developed a process of information exchange and liaison with the Credit Union Stabilization Corporation to ensure mutual aims are met with a minimum of duplication.

- Participated in the Credit Union Internal Audit Committee to provide direction on the role of the internal auditor and to help prepare for changes that will be required under the new legislation.

TRUST COMPANIES

FUNCTIONS

- Manage a program of registration, inspection and examination to monitor the activities of trust companies in Alberta and to ensure that the business operations of the industry are conducted in accordance with the Trust Companies Act and Regulations.

- Provide advice and guidance on the incorporation of trust companies in Alberta.

- Provide a registration and examination service under the Investment Contracts Act to contract issuers and their salespersons.

- Maintain a register of trust companies that forms the basis for corporate searches of registered trust companies.

- Conduct desk examinations and detailed field examinations of Alberta registered trust companies.

- Recommend suspension or cancellation of registration, rehabilitation, receivership or liquidation of trust companies and investment contract companies where such is deemed appropriate.

- Research, review and recommend amendments to the Trust Companies Act and Regulations.

- Investigate complaints from trust companies' borrowers and lenders.

YEAR IN REVIEW

- Conducted desk and field examinations of all Alberta incorporated trust companies, and desk audits of all extra-provincial trust companies operating in Alberta to ascertain compliance with legislation and financial soundness.

- Provided analyses and recommendations on matters related to proposed revised legislation governing loan and trust companies in Alberta.

- Responded to written and verbal requests for corporate searches on Alberta registered trust companies.

- Continued with the detailed review of the Trust Companies Act and Regulations to ensure that the provisions are appropriate and the authority of the regulatory structure, are consistent with the environment for financial institutions in which trust companies must operate.

- Provided information to trust companies operating in Alberta through the preparation and distribution of information circulars covering changes taking place in legislation and divisional policies.

- Introduced the new computer-based Trust Company Quarterly Return System to assist in statistical gathering functions and as a tool in the examination process.

FINANCIAL INSTITUTIONS
STATISTICAL HIGHLIGHTS
(thousands of dollars)

	March 1989	March 1988	Increase (Decrease)	% Change
Alberta Credit Unions				
Total Assets	$ 2,808,174	$ 2,683,004	$ 125,170	4.66
Loans to Members	1,645,096	1,550,393	94,703	6.11
Total Deposits	2,608,975	2,448,864	160,111	6.54
Number of Credit Unions	105	112	(7)	
Number of Branches	225	241	(16)	
Trust Companies Registered in Alberta				
Total Assets	$69,452,525	$61,624,501	$7,828,024	12.7
Deposit Liabilities	65,053,505	58,171,898	6,881,607	11.8
Shareholder Equity	3,294,273	3,159,948	134,325	4.3
Number of Registered Companies				
Federally Incorporated	23	26	(3)	
Extra-Provincially Incorporated	15	16	(1)	
Alberta Incorporated	5	4	1	
	43	46		

REVENUE ADMINISTRATION

FUNCTIONS

- Collect, audit and account for taxes due under the provisions of the Fuel Tax Act, the Fuel Oil Administration Act, the Tobacco Tax Act, the Hotel Room Tax Act and the Pari Mutuel Tax Act.
- Administer the Alberta Farm Fuel Distribution Allowance, the Alberta Domestic Heating Oil Allowance, and fuel tax exemption benefits.
- Administer the Utility Companies Income Tax Rebate Program.
- Operate a central collection service for government to maximize the recovery of accounts and loans in default owing to the Crown.
- Develop and encourage good collection and receivables management procedures and appropriate collection efforts by departments and agencies.

- Make recommendations for compromises, remissions or write-offs of accounts and loans receivable.
- Operate a central revenue deposit service for government.
- Review and evaluate revenue sources such as fees, permits and other miscellaneous types of revenue and recommend changes to improve the cost-effectiveness or efficiency of the revenue collection process.
- Administer credit card applications by departments to permit the use of these cards by the public to purchase certain goods and services.
- Disseminate information and provide assistance to departments and agencies concerning federal sales, excise, and telecommunications tax regulations and their implications.
- Co-ordinate the cost accumulation and claiming process under various federal/provincial cost-shared programs.
- Contract for and co-ordinate armoured car service for all government departments.

YEAR IN REVIEW

- Total Crown debt collections reached $8.1 million.
- Developed a new EDP Paperless Collection System.
- Implemented a Debtor's Summary Supplement to be completed by all departments to eliminate forwarding of files/documentation to the Crown Debt Collections section.
- Conducted consumer audits of individuals who used marked fuel purchased with AFFDA for non-farming purposes resulting in assessments totalling approximately $400,000.
- Co-ordinated claims of $208 million for federal funding in respect to Utility Company Rebates, Economic and Regional Development Agreements, Canada Assistance Plan, and other cost-shared programs.
- Won an appeal of the federal practice of not allowing the Province to claim sales tax refunds on purchases other than lump sum building contracts.
- Implemented microcomputer accounting systems for the Utility Companies Income Tax Rebates Fund.
- Developed a comprehensive inventory of government department and agency operations as they relate to federal tax-exempt status, for information dissemination and control.
- Issued a revised brochure for the AFFDA program to reflect the allowance rate increase for diesel fuel and a new brochure relating to the Tobacco Tax Act.
- Implemented procedures for tobacco tax refund claims from retailers in cases of verified product loss.
- Designed forms and established a new system of reporting for tobacco tax using the manufacturers' tax memo summary.
- Developed and implemented various EDP system changes including a menu security system, a communications architecture allowing interchangeable use of IBM and Wang terminals.

REVENUE ADMINISTRATION
STATISTICAL HIGHLIGHTS
(unaudited)
(thousands of dollars)

REVENUES COLLECTED	1988/89	1987/88
Taxes		
Fuel Tax	$310,271	$210,068
Tobacco Tax	212,216	182,461
Pari Mutuel Tax	9,158	8,902
Hotel Room Tax	22,014	14,204
Payments from Government of Canada		
Cost-Shared Programs		
Nutritive Processing Assistance	796	396
Economic & Regional Development Agreement	9,644	9,910
Agricultural Research Institute	550	—
Statutory Subsidies	3,682	3,670
Stabilization Program	75,000	—
MANAGEMENT OF PAST-DUE GOVERNMENT RECEIVABLES		
Collections	8,120	6,512
Compromises *	210	154
Remissions *	1	17
PAYMENTS TO ASSIST ALBERTA CONSUMERS		
Farm Fuel Costs (Alberta Farm Fuel Distribution Allowance, Domestic Heating Oil Allowance, and Retroactive Fuel Oil Grants)	88,405	126,632
Householder Utility Costs (Utility Companies Income Tax Rebate Program)	306,705	325,185

* Includes only approved compromises and remissions arising from past due accounts transferred to Crown Debt Collections by departments.

TAX INFORMATION SERVICES

FUNCTIONS

- Communicate to the general public and select target audiences the provisions of the following legislation and programs administered by Revenue Branch:

  — Alberta Corporate Income Tax Act
  — Alberta Stock Savings Plan (ASSP) Act
  — Fuel Tax Act
  — Tobacco Tax Act
  — Hotel Room Tax Act
  — Alberta Farm Fuel Distribution Allowance (AFFDA)
  — Domestic Heating Oil Allowance (DHOA)
  — Off-Road Fuel User Program
  — Credit Union Act
  — Trust Companies Act

- Provide a telephone enquiries service in Edmonton and Calgary offices which responds to general information and forms requests concerning Corporate Tax Administration and Revenue Administration legislation and programs.

- Produce technical and general publications for communications programs established by Corporate Tax Administration, Revenue Administration and Financial Institutions.

YEAR IN REVIEW

- Responded to a total of 17,500 telephone enquiries. Enquiries officers in Edmonton and Calgary addressed general information requests from the public. Complex enquiries were referred to technical specialists in Corporate Tax Administration and Revenue Administration.

- Co-ordinated the publication of issues of the "Tax Notes" newsletter, the 1989 "Guide to the Completion of the Alberta Corporate Income Tax Return", issues of the internal newsletter "CTA Update", issues of the "Trust Companies Circular" newsletter, issues of the "Credit Union Bulletin" newsletter, a new Tobacco Tax brochure and a revised "Alberta Farm Fuel Price Advantage" brochure.

- Processed approximately 8,000 orders for forms and publications. TIS also shipped a total of 186,000 forms to 390 accounting firms and other tax preparers in bulk distributions that occurred in September, 1988, and February, 1989.

- Co-ordinated the development of the 1989/90 communications plans for CTA, Revenue Administration, and Financial Institutions.

- Co-ordinated CTA and Revenue Administration participation at the Edmonton and Calgary Small Business Information Fairs which were held in October, 1988.

INVESTMENT MANAGEMENT

FUNCTIONS

- Develop and implement strategies for the investment of cash reserves, long-term investment portfolios and various sinking funds of the Government and a number of its agencies. The division also assists in the Province's issuance and management of debt.

- Assist in maintaining an orderly market for publicly-traded securities issued and/or guaranteed by the Province of Alberta.

- Provide research for investment and debt management strategies.

- The total book value of securities managed at year end was $11.9 billion. This included $5.0 billion in short-term securities, $4.6 billion in bonds, notes and debentures, $1.8 billion in equities, $0.5 billion in mortgages and real estate.

- The major funds for which these assets are managed are described below:

— **Pension Fund**
With investments of $4.5 billion at year end, the Pension Fund was the largest single fund under the division's management. It is invested in a broad range of assets designed to assist the Province in meeting its obligations under various public sector pension plans.

— **Consolidated Cash Investment Trust Fund**
This cash management facility provides approximately 200 participants with the benefits of fully-invested cash balances together with full liquidity. Investments are concentrated in high-grade, short-term securities.

— **AHSTF Section 10**
Funds which have not been invested under one of the investment divisions of the Heritage Fund are managed under Section 10 of the Alberta Heritage Savings Trust Fund Act. These monies are invested in a variety of marketable fixed-income securities to provide liquidity while, at the same time, enhancing the return on funds not yet committed to other

divisions. During 1988-89, the fund continued to provide some bridge financing to the Farm Credit Stability and the Small Business Term Assistance programs.

— **AHSTF Commercial Investment Division**
This division, which commenced operations in 1981-82, seeks to attain commercial rates of return through equity investments. The broadly based holdings of Canadian equities, convertible debentures and short-term securities grew during the year to a closing level of $287 million.

— **Workers' Compensation Fund**
This fund provides for long-term disability and pension benefits as a result of injuries from industrial accidents.

— **Endowment Funds**
The Medical Research Endowment Fund supports research sponsored by the Alberta Heritage Foundation for Medical Research. The Alberta Heritage Scholarship Trust Fund provides for a wide range of scholarships for Albertans.

— **Sinking Funds**
Sinking fund operations for the Alberta Municipal Financing Corporation, Province of Alberta, and Alberta Resources Railway provide for the eventual retirement of the obligations as well as marketability for current holders of the securities issued by these bodies.

YEAR IN REVIEW

- Administration of Canadian and U.S. equity investments was streamlined through the introduction of systems to manage securities on a pooled basis.
- The process of forecasting trends in the economy was enhanced through the introduction of a formal model to ensure consistency and test the sensitivity of the forecast to economic developments and policy changes.
- Greater diversification in the equity holdings was achieved through the purchase of new types of securities.
- Security lending was introduced in a pilot project and subsequently implemented as part of the investment program to enhance overall returns.

BANKING AND CASH MANAGEMENT

FUNCTIONS

- Manage the banking operations of the provincial government and designated boards and agencies. Monitor the organization of provincial banking to ensure that effective cash management practices such as funds collection systems, payments systems and cash concentration systems are in place for optimal cash utilization.
- Provide effective methods of making government payments in foreign currencies. Provide cash management expertise to provincial corporations, boards and agencies.
- Project and analyse all government cash flows in order to prepare cash flow forecasts on a daily, weekly and monthly basis to assist investment and debt management decisions.
- Administer the Consolidated Cash Investment Trust Fund system, including banking arrangements, balancing, forecasting, monthly and quarterly reports and earnings distribution.
- Monitor receipt of investment income and deposit all income received.
- Monitor debt payments and limits.
- Provide custodial and safekeeping services.
- Provide registrar, transfer and paying agent facilities for debt issues of the Province and the Alberta Municipal Financing Corporation.
- Settle investment, debt, foreign exchange and securities lending transactions for funds.

- Perform control, record keeping, and management reporting functions for investment, debt, foreign exchange, and securities lending functions for funds.

- Operate finance systems such as the investment, debt and foreign exchange system (Fundtrac), Consolidated Cash Investment Trust Fund system, the Farm Credit and Small Business systems, the Treasury Bill Auction system, the Performance Measurement system, the Mortgage Investment Accounting system, as well as other financial systems.

- Plan and manage the development, implementation and maintenance of integrated systems to support the operational, management and administrative functions of the Finance Branch.

- Co-ordinate the development and implementation of office automation technology to support the needs of the Finance Branch.

YEAR IN REVIEW

- Implemented and managed banking arrangements, fiscal agency agreements, debenture laydown settlements and funds transfers for five debt issues, including Alberta Capital Bonds, two Euro-Canadian issues, one Euro-U.S. issue, and one Canadian issue.

- Conducted sales reporting, user training, and answered numerous inquiries in relation to Alberta Capital Bonds.

- Initiated a risk reduction and cost reduction program for investment and debt securities by using the Canadian Depository for Securities and external custodians more frequently.

- Assumed full responsibility for reporting and reconciliation functions for all investment custodians and all debt registrars and debt payments as well as the printing and distribution of debt instruments.

- Assisted Alberta Government Telephones Commission in its assumption of registrar functions for debt of the Commission.

- Set up initial systems, operations, fee collection, and reporting for securities lending transactions.

- Initiated the development and finalization of documentation for interest rate and currency exchange agreements.

- Worked closely with financial institutions and Alberta Social Services to introduce several new processes such as indemnification agreements, better identification, etc., to assist in the cashing of Province of Alberta cheques.

- Assisted in the promotion of more widespread use of direct deposit and worked with other areas to introduce new direct deposit systems.

- Implemented several new systems such as foreign exchange support, Alberta Capital Bond sales reporting, bank account control, etc.

- Completed enhancements to several existing systems in investment, debt, performance measurement, Alberta Heritage Savings Trust Fund Forecasting Model, etc.

- Implemented improved system project and maintenance controls to more effectively use manpower and hardware resources. This included the implementation of a generalized personal computer development database system to speed implementation of smaller systems. It was used for five systems.

RISK MANAGEMENT & INSURANCE

FUNCTIONS

- Continue evolution and administration of a comprehensive means for managing the risk and protecting the assets of government and other entities included in the overall program.
- Risk Identification — determine the possible and probable risk exposures of entities within the program, using statistical methods as well as investigation and forecasting.
- Risk Assumption — assess the expected frequency and severity of loss using empirical data and trend analyses, taking into account factors such as increases in loss costs. Establish, for each class of insurable risk, a basic aggregate value of losses that will be expected/assumed as tolerable within financial capability.
- Risk Control — analyse participants' loss experience by using statistics developed within the division in connection with data obtained through both specific and routine field inspections. Develop and implement loss control practices based on findings.
- Risk Transfer — facilitate transfer of risk contractually to parties other than insurance companies. Where cost effective, arrange to transfer otherwise non-transferable, unexpected and severe accidental losses, above the accepted risk assumption levels, to insurers.
- Provide guidance to participants on how risk can be reduced and/or transferred via the wordings of their agreements with other parties.
- Adjust, or monitor the adjustment of, all insurable losses of Crown entities, whether the losses are insured, self-assumed through the Alberta Risk Management Fund, or uninsured.
- Recoveries — prepare documentation on, and negotiate recovery of, monies due from the insurers of government and other parties responsible for loss or damage caused to the Crown.
- Provide consulting and advisory resources to assist participants in meeting priorities and adapting to new policy directions.

YEAR IN REVIEW

- Completed an in-house procedures manual, including an accounting section and reference to property, liability, crime and automobile rating methods.
- Implemented a program of identification and assessment of environmental exposures from government operations and properties.
- Established a computer program to maintain records of the concentration of risk in major centres, with a manual program created for concentrations in smaller areas.
- Maintained the continuity of inspections of provincial properties to ensure the integrity of prevention systems by using contracted inspection engineering services.
- Commenced a formal system whereby program participants are to advise of their valuable papers coverage requirements.
- Revised the underwriting information manual and presented the updated information to the property and liability marketing brokers.
- Clarified regulations with Public Works, Supply & Services Central Vehicle Services regarding personal use and non-government drivers of government vehicles, for distribution to motor vehicle co-ordinators.
- Created a risk rating system for property, liability, automobile, crime, accidental death and dismemberment, professional, and directors' and officers' coverages, and continued development of a companion experience rating system, for all participants under the Risk Management Regulated Fund.
- Increased the equity in the Risk Management Regulated Fund, reducing dependence on insurance and the General Revenue Fund.

III. ALBERTA TREASURY BRANCHES

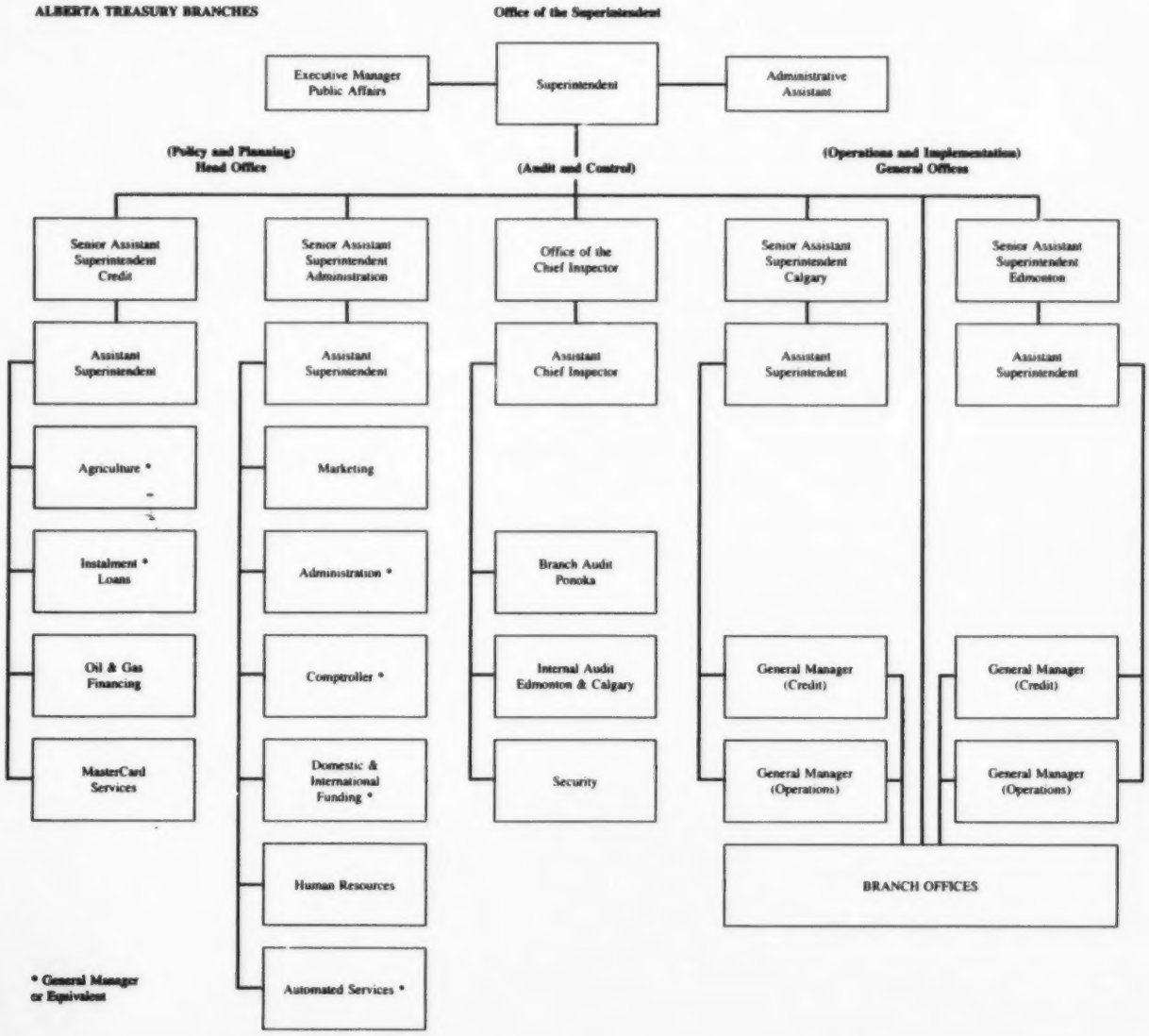
Chairman: A.O. Bray

FUNCTIONS

- The major function of Treasury Branches is to operate a system of branch offices and agency outlets to provide Albertans access to a full range of modern financial services at reasonable cost.

  Primary Responsibilities include:
  — accepting money on deposit;
  — loaning money to the public;
  — providing domestic and international money services for consumer and corporate needs;
  — furnishing safekeeping facilities, credit card services, utility bill remittances and related sundry financial services;
  — conducting a profit-oriented operation for the benefit of all Albertans.

Note: A comprehensive review is published annually with extensive detail on the financial operations and activities of Alberta Treasury Branches. Copies may be obtained from any of the branches or agencies or from the Head Office at the Ninth Street Building (9925 - 109 Street, Edmonton, T5J 2N6) or by calling 493-7220.



IV. ALBERTA GOVERNMENT PENSION BOARDS

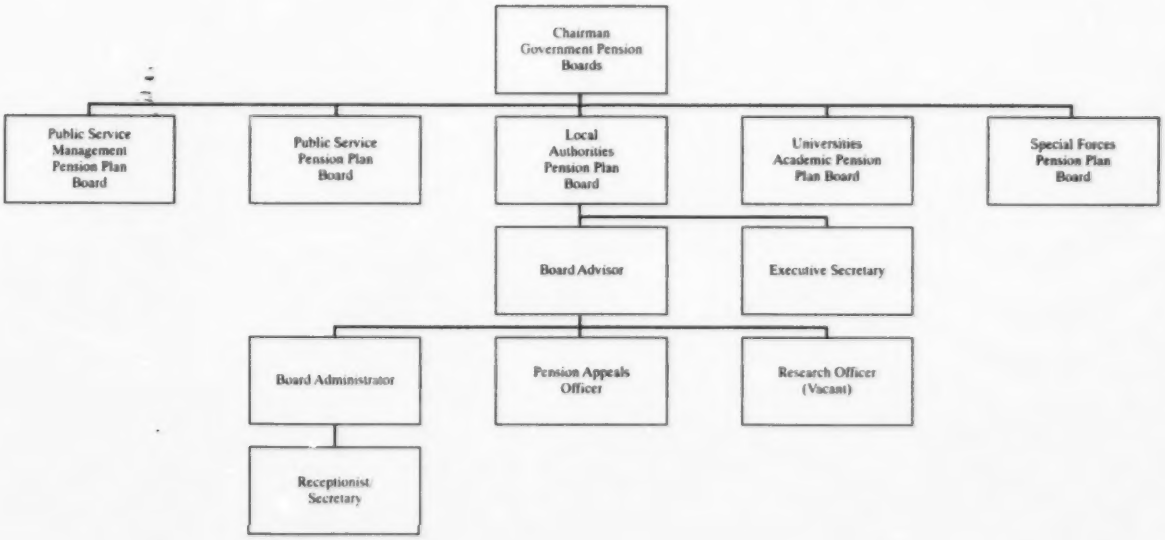
Chairman: J.E. Faries

FUNCTIONS

- Provides administrative services to the five Pension Plan Boards relative to hearing of appeals against decisions of the Minister of Pensions in relation to the administration of the five pension plans.
- Prepares background information relative to applications by members for extensions to time limits, as provided for in legislation.
- Obtains and summarizes input on pension concerns from employee and employer groups affected by the pension plans, from the representative members on the Boards, and through research methods.
- Compiles data on Federal and Provincial Pension Legislation across Canada with a view to assisting the Boards in their deliberations.
- Prepares draft proposals for Boards' consideration and refinement to assist in fulfilment of their mandates of advising the Minister of Pensions on such matters as adequacy of pension contributions, cost of living adjustments to pensions, rate of interest, plan benefits, reciprocal agreements, recognition of prior service, eligibility and participation in the plans, and actuarial tables prescribed.
- Perform any other duties related to the pension plans that may be assigned by the Minister.

Note: The Alberta Government Pension Boards' Annual Reports can be obtained from Room 1203, Legislature Annex (9718 - 107 Street, Edmonton, Alberta T5K 1E4), or by calling 427-7105.

ALBERTA GOVERNMENT PENSION BOARDS



V. APPENDICES

A Acts Administered by Alberta Treasury

B Publications Available from Alberta Treasury

C Executive of the Department

APPENDIX A
ACTS ADMINISTERED BY ALBERTA TREASURY

Alberta Corporate Income Tax Act
Alberta Heritage Savings Trust Fund Act
Alberta Income Tax Act
Alberta Municipal Financing Corporation Act
Alberta Stock Savings Plan Act
Appropriation Acts
Civil Service Garnishee Act
Credit Union Act
Credit Union Federation of Alberta Act
Farm Credit Stability Fund Act
Financial Administration Act
Fuel Tax Act
Government Emergency Guarantee Act
Government Land Purchases Act
Hotel Room Tax Act
Investment Contracts Act
Local Authorities Pension Plan Act
Members of the Legislative Assembly Pension Plan Act
Municipal Debentures Act
Pari Mutuel Tax Act
Pension Fund Act
Provincial Debt Reorganization Act
Public Service Administrative Transfers Act
Public Service Management Pension Plan Act
Public Service Pension Plan Act
Small Business Term Assistance Fund Act
Small Producers Assistance Commission Act
Special Forces Pension Plan Act
Statistics Bureau Act
Tobacco Tax Act
Treasury Branches Act
Trust Companies Act
Universities Academic Pension Plan Act
Utility Companies Income Tax Rebates Act

APPENDIX B
PUBLICATIONS AVAILABLE FROM ALBERTA TREASURY

Many branches and divisions of Alberta Treasury publish information about their programs and operations. As of April 1, 1989, the following publications are available from:

- i Support Services and Publications, Room 302, Terrace Building (9515 -107 Street, Edmonton, T5K 2C3) or by calling 427-9957:

  Alberta Treasury Annual Report
  Alberta Budget Documents
    Budget Highlights
    Budget Address
    Government Estimates
    Supplementary Information Element Details
    Legislative Assembly Estimates
    Capital Fund Estimates
    Program Structure Chart
  Public Accounts
  Supplementary Information to the Public Accounts
  Alberta Heritage Savings Trust Fund Annual Report
  Alberta Heritage Savings Trust Fund Quarterly Reports
  Alberta Heritage Savings Trust Fund Capital Projects
    Division — Estimates of Proposed Investment
  Alberta Heritage Savings Trust Fund Capital Projects
    Division — Estimates of Proposed Investments (II)
  Alberta Heritage Savings Trust Fund Capital Projects
    Division — Supplementary Estimate of Investment (A)
  Alberta Municipal Financing Corporation Annual Report

- ii The Alberta Bureau of Statistics, Data Services, Sir Frederick W. Haultain Building (7th Floor, 9811 - 109 Street, Edmonton, T5K 0C8) or by calling 427-3058.

TITLE	FREQUENCY
Alberta Statistical Review	Quarterly
Alberta Quarterly Population Growth	Quarterly
Alberta Economic Accounts	Annual
Alberta Population Projections	Occasional
Alberta Census Division Population Projections	Occasional

- iii The Tax Information Services, Sir Frederick W. Haultain Building (9811 - 109 Street, Edmonton, T5K 2L5) or by calling 427-0712 (Alberta Zenith 22143).

Corporate Tax Administration Publications:

TITLE	FREQUENCY
Introduction to Alberta's Corporate Income Tax	Occasional
Tax Notes	Occasional
Information Circulars	Occasional
Interpretation Bulletins	Occasional
Tax forms and guides to their completion	Occasional
Alberta Stock Savings Plan	Occasional

Revenue Administration Publications:

TITLE	FREQUENCY
Information Circulars (Fuel Tax Act)	Occasional
Alberta Fuel Tax	Occasional
Fuel Tax Facts for Commercial Carriers	Occasional
Alberta Farm Fuel Price Advantage	Occasional
Information Circulars (Hotel Room Tax Act)	Occasional
Information Circulars (Tobacco Tax Act)	Occasional
Alberta Tobacco Tax	Occasional

Financial Institutions Publications:

TITLE	FREQUENCY
Credit Union Bulletin	Occasional
Trust Companies Circulars	Occasional

APPENDIX C
EXECUTIVE OF THE DEPARTMENT

as at March 31, 1989

Provincial Treasurer	**Hon. Dick Johnston**
Deputy Provincial Treasurer, Management and Control	**A.D. O'Brien**
Controller	J.D. Peters
Accounting	R.A.G. Lowen
Disbursement Control	T.W. Burns
Financial Systems	F.V. Scarfone
Payroll and Pensions	E.J. Wilcox
Policies and Procedures	M.H. Mylod
Assistant Deputy Provincial Treasurer, Budget and Fiscal Policy	L.G. Morrison
Budget Bureau	G.G. Trogen
Budget Planning and Economics	G.K. Robertson
Bureau of Statistics	H.W. Ford
Tax Policy	G.K. Robertson*
Administration	M.D. Faulkner
Deputy Provincial Treasurer, Finance and Revenue	**A.J. McPherson**
Assistant Deputy Provincial Treasurer, Finance Programs	Vacant
Finance Planning and Analysis	R.A. Bhatia
Loans and Guarantees	G.H. Kinsman
Corporate Management Services	H.H. Strohbach
Chief Investment Officer	S.J. Susinski
Debt Securities	J.M. Husken
Equities	J.M. Campbell
Portfolio Research	R.C. Kamp
Assistant Deputy Provincial Treasurer, Revenue	A.H. Kalke
Executive Director, Corporate Tax Administration	L.H. Landry
Audit	C.J. Calarco
Interpretations and Appeals	E.J. Ramsay
Operations	L.M.L. Rokosh
Systems	J.W.K. Parton
Financial Institutions	T.S. Stroich
Revenue Administration	L. Huisman
Tax Information Services	D.M. Russell
Banking and Cash Management	D.R. Bishop
Risk Management and Insurance	R.W. Whitehouse*
Superintendent, Alberta Treasury Branches	**A.O. Bray**
Chairman, Alberta Government Pension Boards	**J.E. Faries**

*Acting